

## Message Text

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ACTION STR-05

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O 222003Z SEP 77

FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 2006  
INFO USMISSION GENEVA  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
ALL EC CAPITALS

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USEC

PASS WHITE HOUSE ELECTRONICALLY FOR STR

PASS USIA FOR IPS/PE, IEU/COHEN,

GENEVA FOR MTN

E.O. 11652: N/A  
ETRD, EEC, US  
SUBJECT: TRANSCRIPT AMBASSADOR STRAUSS PRESS CONFERENCE

1. HERewith, TRANSCRIPT OF PRESS CONFERENCE OF U.S.  
SPECIAL TRADE REPRESENTATIVE ROBERT STRAUSS HELD AT U.S.  
MISSION HEADQUARTERS SEPTEMBER 22 FOLLOWING HIS TALKS  
WITH EC OFFICIALS:

AMBASSADOR STRAUSS: LET ME BEGIN BY SAYING THAT THIS IS  
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THE FIRST SMOKEFILLED ROOM I'VE BEEN IN SINCE NEW YORK  
CITY LAST JULY, AND I'M PLEASED TO RETURN AGAIN TO  
BRUSSELS. LAST TIME I WAS HERE, I WAS ACCOMPANIED, YOU  
WILL RECALL, BY AMBASSADOR ALAN WOLFF WHO THEN HAD NOT  
ASSUMED AMBASSADORIAL STATUS, AND BY AMBASSADOR DEANE  
HINTON. IT'S MY SPECIAL PLEASURE TODAY TO, NOT ONLY  
PRESENT THE TWO OF THEM TO YOU, BUT PARTICULARLY TO

PRESENT TO YOU AMBASSADOR AL MCDONALD WHO HAS JOINED OUR EFFORTS AND IS OUR COLLEAGUE NOW IN CHARGE OF NEGOTIATIONS IN GENEVA. HE WILL OCCUPY THE ROLE WHICH MANY OF YOU WILL RECALL WAS OCCUPIED BY MIKE BLUMENTHAL, NOW SECRETARY OF THE TREASURY IN THE CARTER ADMINISTRATION, AND HE WILL LEAD OUR NEGOTIATING EFFORTS IN GENEVA, EFFORTS WHICH WE HAVE EVERY EXPECTATION WILL BE SUCCESSFUL AND EFFORTS WHICH WE HAVE EVERY EXPECTATION WILL CONTINUE AT THE MOMENTUM THAT WE HAVE HAD SINCE THE CARTER ADMINISTRATION CAME IN ON JANUARY 20, AND SINCE I ASSUMED THE ROLE OF SPECIAL TRADE REPRESENTATIVE IN LATE MARCH. I SHOULD LIKE TO BEGIN BY READING A PREPARED STATEMENT COPIES OF WHICH WILL BE AVAILABLE IN A FEW MOMENTS.

"MR. ROBERT STRAUSS, SPECIAL REPRESENTATIVE OF THE PRESIDENT FOR TRADE NEGOTIATIONS, VISITED THE COMMISSION 21 AND 22 SEPTEMBER FOR TALKS ON THE GATT MULTILATERAL TRADE NEGOTIATIONS IN GENEVA. MR. STRAUSS WAS ACCOMPANIED BY HIS DEPUTIES, MR. ALAN WOLFF (WASHINGTON) AND MR. ALONZO MCDONALD (GENEVA).

"ON THE COMMISSION SIDE, THE TALKS WERE CONDUCTED BY VICE-PRESIDENT HAFERKAMP TOGETHER WITH VICE-PRESIDENT GUNDELACH AND MR. DAVIGNON. MR. STRAUSS WAS ALSO RECEIVED BY PRESIDENT JENKINS.  
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"THE TWO SIDES RECONFIRMED THEIR POLITICAL COMMITMENT FOLLOWING THE AGREEMENT REACHED BY VICE-PRESIDENT HAFERKAMP AND MR. STRAUSS AT THEIR MEETING ON 11 JULY TO COMPLETE THE CURRENT PHASE OF NEGOTIATIONS BY 15 JANUARY 1978 SO AS TO SET THE STAGE FOR THE NEGOTIATIONS OF THE FINAL PACKAGE.

"THEY CONFIRMED THEIR JOINT UNDERSTANDING OF THE NEED FOR A SUBSTANTIAL TARIFF REDUCTION WITH A SUFFICIENT DEGREE OF HARMONIZATION, PARALLEL WITH SUBSTANTIAL PROGRESS ON AGRICULTURE.

THEY WELCOMED THE PROGRESS MADE IN THE PREPARATIONS FOR TABLING ON 1 NOVEMBER OF REQUESTS IN THE SECTORS OF AGRICULTURE AND NON-TARIFF BARRIERS. THEY TOOK NOTE WITH SATISFACTION OF THE INTENSIVE DISCUSSIONS WHICH IT HAS NOW BEEN AGREED TO START ON CUSTOMS VALUATION, SUBSIDIES AND COUNTERVAILING DUTIES, STANDARDS, GOVERNMENT PROCUREMENT, AND SAFEGUARD MECHANISMS.

"IN RELATION TO THE FORMULA TO BE EMPLOYED IN THE

NEGOTIATIONS FOR TARIFF REDUCTION THERE WAS AGREEMENT  
THAT MEANS MUST BE FOUND OF ACHIEVING A SUBSTANTIAL  
TARIFF REDUCTION AND HARMONIZATION. BOTH SIDES  
STRESSED AGAIN THE NEED FOR TARIFF REDUCTIONS SUBSTANTIAL  
ENOUGH TO IMPROVE BUSINESS CONFIDENCE. FROM THE  
DISCUSSION A JOINT WORKING HYPOTHESIS EMERGED WHICH,  
SUBJECT TO APPROVAL, WOULD ENABLE THE CURRENT DIFFICULTIES  
IN FINDING A DEFINITIVE TARIFF FORMULA TO BE OVERCOME,  
WHILE ENSURING THE PROGRESS OF THE NEGOTIATIONS IN ORDER  
TO MEET THE 15 JANUARY DEADLINE.

IT WAS FURTHER AGREED TO SEARCH FOR MECHANISMS WHICH WOULD  
PERMIT PROGRESS TOWARDS LONG-TERM TRADE LIBERALIZATION, IN

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O 222122Z SEP 77

FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 2007  
INFO USMISSION GENEVA  
AMEMBASSY OTTAWA  
ALL EC CAPITALS  
AMEMBASSY TOKYO

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PERMIT PROGRESS TOWARDS LONG-TERM TRADE LIBERALIZATION, IN  
STAGES WHICH WOULD TAKE FULL ACCOUNT OF CURRENT ECONOMIC  
AND POLITICAL REALITIES." END QUOTE.

I'LL BE GLAD AND PLEASED TO TAKE YOUR QUESTIONS WITH  
RESPECT TO THE CONTENTS OF THIS COMMUNIQUE AND ON ANY OTHER  
SUBJECT, POLITICAL OR OTHERWISE, TO WHICH YOU MAY CARE TO  
ADDRESS YOURSELVES. MR. MCDONALD AND MR. WOLFF WILL  
ALSO BE AVAILABLE TO ANSWER AND WILL PARTICIPATE IN  
ANSWERING QUESTIONS WITH RESPECT TO TRADE MATTERS. YES.

Q. HOW DOES THIS DIFFER FROM YOUR PREVIOUS STATEMENT ON YOUR LAST VISIT IN JULY WHICH YOU DESCRIBED AS THE BIGGEST BREAK THROUGH, AND WE HAVE NO DETAILS HERE.

STRAUSS: WELL, FIRST I WOULD DISAGREE WITH YOUR STATEMENT. TO BEGIN WITH, IT DIFFERS IN GREAT RESPECT. ON THAT OCCASION WE STATED THAT WE WOULD HAVE A TARIFF PLAN OR A UNCLASSIFIED

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TARIFF FORMULA WITH WHICH WE COULD BEGIN WORK TOWARDS OUR JANUARY 15 GOAL. WE HAVE THAT WORKING HYPOTHESIS RIGHT NOW WITH WHICH WE WILL WORK AGAINST AS WE MOVE TOWARDS THE JANUARY 15 FINAL GOAL OF THE HARD NEGOTIATING PROCESS.

Q. WHAT IS THE WORKING HYPOTHESIS?

STRAUSS: WELL, ALL RIGHT. THE WORKING HYPOTHESIS WHICH WE WILL USE WILL BE THE GENERAL RANGE, OR WILL BE THE SWISS PROPOSAL. THAT WOULD BE THE HYPOTHESIS TO WHICH, OF COURSE, NO SIDE IS BOUND IN FINALITY BUT ALL SIDES AGREE WILL BE THE WORKING HYPOTHESIS TO BE USED AS WE MOVE FORWARD, AND AS THEY TAKE THAT TO THE VARIOUS COUNTRIES INVOLVED. SO WE HAVE ARRIVED AT THE NUMBER WHICH WILL GO INTO EVERYONE'S COMPUTER, AS THEY BEGIN TO SEE WHERE THEY'RE COMING OUT WITH RESPECT TO THE VARIOUS ELEMENTS IN NEGOTIATION.

Q. COULD YOU ENLIGHTEN US WHAT THIS PROPOSAL IS?

STRAUSS: WHAT IT DOES IS TWO THINGS. THE SWISS PROPOSAL HAS A HARMONIZATION CURVE WHICH WE THINK WE CAN LIVE WITH AND WHICH IS APPEALING TO THE EUROPEANS, AND WILL BE

APPEALING TO OTHERS. IT HAS A TARIFF CUT OF ROUGHLY 44 WHICH WE WILL BE WORKING AGAINST AND TO WHICH WE'RE NOT BOUND, WITH RESPECT TO THE HARMONIZATION CURVE, NOR IS ANYONE ELSE BOUND WITH FINALITY. WE HAVE NO FORMAL CONTRACT. THEY'RE NOT BOUND TO THE 44 NOR IS ANYONE ELSE. IT WILL BE TAKEN AND EXPLORED, BUT THIS IS A HYPOTHESIS WITH WHICH WE'LL WORK, AGAINST WHICH WE'LL WORK UNCLASSIFIED

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YOU HAVE TO START SOMEWHERE. OBVIOUSLY WE DIDN'T, WE CANNOT AT THIS STAGE, NOR WILL BE AT ANY TIME UNTIL FINAL

NEGOTIATIONS ARE OVER TAKE ANY OATHS IN BLOOD, OR SET ANY-  
ONES FEET IN CONCRETE,SO WE TOOK A MAJOR STEP FORWARD.  
WE FURTHER AGREED ON ALL THESE OTHER THINGS.

Q. DOES THIS CONTAIN ANY EXCEPTIONS OR MAKE ANY  
PROVISION FOR EXCEPTIONS?

STRAUSS: WELL, IT DOESN'T MAKE ANY PROVISIONS FOR  
EXCEPTIONS AND IT DOESN'T MAKE ANY PROVISIONS FOR THERE NOT  
BEING EXCEPTIONS.

Q. DOES IT MEAN 45?

STRAUSS: WELL, I WOULD SAY IT'S AN AVERAGE, BUT IT'S 44.  
THAT IS WHAT I'VE SAID. AND I WANT TO MAKE VERY CLEAR  
TO YOU THAT NONE OF THE PARTIES -- CERTAINLY THE  
COMMISSIONERS OF THE EC HAVE NO AUTHORITY TO BIND THE  
MEMBER STATES, I HAVE NO AUTHORITY TO BIND OUR GOVERNMENT,  
AND NO ONE EXPECTED THAT WE'D DO MORE THAN REACH JUST THE  
STAGE WE'VE REACHED. AND AS A MATTER OF FACT WE'VE NOT  
ONLY REACHED IT BY OCTOBER 1, WE HAVE, IF I MAY SAY SO,  
BEATEN IT BY EIGHT OR TEN DAYS AND IT HASN'T BEEN EASY.

Q. IS THIS JUST FOR INDUSTRIAL TARIFFS?

STRAUSS: NO, I SPECIFICALLY STATED THAT WE EXPECTED THAT  
AGRICULTURE WOULD BE NEGOTIATED IN PARALLEL AND IN  
SUBSTANTIAL RELATIONSHIP TO THIS WORKING HYPOTHESIS.

Q. HAVE YOU GOT ANYTHING TO MAKE THE STEEL PEOPLE HAPPY?

STRAUSS: WELL, IF WE HAVE I DON'T KNOW WHAT IT IS. I  
MIGHT ALSO SAY I WOULD NOT ONLY LIKE TO ACCEPT QUESTIONS  
BUT TO ACCEPT COMMENTS ON WHAT WE MIGHT DO IN THAT REGARD.

Q. THIS PARALLELISM ON AGRICULTURAL PRODUCTS WOULD

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 2008

INFO USMISSION GENEVA  
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CERTAINLY NOT APPLY, I GUESS, ON THE LEVY OF PRODUCTS  
SUBMITTED TO VIABLE LEVIES?

STRAUSS: THAT IS CORRECT.

Q. ON STEEL YOU MADE A STATEMENT I THINK THIS WEEK IN  
WASHINGTON CALLING FOR AN INTERNATIONAL GROUP ON  
INTERNATIONAL STEEL DEVELOPMENTS? IS THAT GOING TO BE  
RELATED TO THE MTN?

STRAUSS: WELL, THE OECD RIGHT NOW IS RECONVENING, I THINK  
THIS VERY WEEKEND, AND I WOULD HOPE THAT SOME PROGRESS  
WOULD BE MADE THERE. I CAN'T EMPHASIZE TO YOU THE  
IMPORTANCE OF STEEL ON OUR AGENDA. EVEN THE VERY LAST  
MINUTES BEFORE MY DEPARTURE FROM THE U.S. TO COME HERE  
I WAS TESTIFYING TO THE CONGRESS ON STEEL AND I HAD MANY  
CONVERSATIONS. AS A MATTER OF FACT I MAY HAVE TO SHORTEN  
MY TRIP TO RETURN BECAUSE OF THAT, TO GET INVOLVED IN THIS  
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SERIOUS STEEL THING. I'M TOLD BUT I HAVE NOT VERIFIED  
THAT U.S. STEEL HAS FILED ANTI-DUMPING MEASURES WITH THE  
TREASURY DEPARTMENT WITH RESPECT TO JAPAN, AND I'M ALSO  
TOLD THAT IT WILL SHORTLY FILE WITH RESPECT TO THE  
EUROPEAN COMMUNITY. I DON'T KNOW THAT AS A FACT, IT'S  
RUMOUR, NO IT'S BETTER THAN RUMOUR, BUT I'M NOT VERIFYING  
THE FACT YET.

Q. DID YOU DISCUSS THE STEEL SITUATION TODAY?

STRAUSS: YES, WE DISCUSSED THE STEEL SITUATION TODAY.

Q. IT NEVER WAS VERY CLEAR WHICH FORUM WAS GOING TO BE  
AGREED ON, THAT THERE WAS SOME KIND OF DISAGREEMENT  
BETWEEN THE COMMUNITY AND THE STATES, WHETHER THESE OECD  
TALKS WERE GOING TO BE NEGOTIATING SESSIONS OR WHETHER  
THEY WERE GOING TO BE STUDY SESSIONS, AND YOU'RE WAY  
BEHIND SCHEDULE. IT WAS ANNOUNCED FOUR MONTHS AGO THAT  
THE REPORT WOULD BE OUT IN TWO MONTHS AND NOW IN YOUR  
DOCUMENT YOU TALK ABOUT BY THE END OF THE YEAR. WHAT  
SEEMS TO BE THE DIFFERENCE BETWEEN THE COMMUNITY AND  
THE USA ON THE OECD TALKS AND THE ROLE THEY WILL PLAY?

STRAUSS: I REALLY THINK THAT'S A TOTALLY VALID QUESTION. AND I WISH I HAD A BETTER ANSWER. REALLY, I WISH I HAD. I THINK THE QUESTION IS ENTIRELY VALID AND I'M NOT BEING FUNNY ABOUT IT. IT'S A TERRIBLY, TERRIBLY, DIFFICULT SITUATION AND MY JUDGMENT IS WE HAVE SPENT MORE TIME IN A RECITATION OF PROBLEMS THAN WE HAVE IN, MAYBE NOT IN THE SEARCH, BUT CERTAINLY IN THE SECURING OF ANY SOLID ANSWERS BUT LET ME ALSO SAY THAT ONE OF THE THINGS I'VE BEEN THINKING ABOUT -- I HAVEN'T ANNOUNCED IT PUBLICLY, SO THIS IS REALLY THE FIRST ANNOUNCEMENT, -- I'M TRYING TO CREATE UNCLASSIFIED

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A FORUM, FOLLOWING THE OECD TALKS, WHEN WE GET THE RESULTS OF THIS NEXT MEETING OF THEIRS, TO CONVENE SOME OF THE MOST VITALLY INTERESTED PARTIES TOGETHER IN OUR OWN COUNTRY, FROM THE CONGRESS, FROM THE SENATE, FROM THE HOUSE, FROM INDUSTRY, FROM THE CONSUMERS, FROM LABOR, AND POSSIBLY, HOPEFULLY, INVITE COMMISSIONER DAVIGNON WHO KNOWS A GREAT DEAL ABOUT THIS SUBJECT TO JOIN WITH US AND REALLY TAKE A HARD IN-DEPTH LOOK AT THE FOLLOWING: ARE WE GOING DOWN THE RIGHT PATH OR WHAT ARE WE OVERLOOKING? WHERE DO WE END UP? THIS IS A VERY BASIC PROBLEM OF THE BASIC INDUSTRY, TERRIBLY TROUBLESOME AND NOWHERE SO MORE TROUBLESOME THAN IN OUR OWN COUNTRY, I ASSURE YOU. IT'S A POLITICAL PROBLEM, IT'S AN ECONOMIC PROBLEM, IT'S A REAL PROBLEM IN TERMS OF SALARIES FOR WORKING MEN AND WOMEN. IT'S TERRIBLY INTENSE AND ONE IN WHICH I AM NOT AT ALL SATISFIED WITH MY OWN ABILITY TO COME TO GRIPS WITH IT NOW OR WITH ANY OF THOSE WITH WHOM I AM ASSOCIATED. YES, THERE WAS A QUESTION OVER HERE. Q. THE JAPANESE WOULD COME TO THAT TOO, I SUPPOSE?

STRAUSS: OH, I'M SURE, IF WE HAD SUCH A FORUM THEY WOULD HAVE SOMEONE THERE.

Q. IS THERE SOME SIGNIFICANT DIFFERENCE BETWEEN FRANCE AND THE US ON HOW TO PROCEED IN THE GATT NEGOTIATIONS?

STRAUSS: NO, I DON'T THINK THERE IS A SIGNIFICANT DIFFERENCE. RAYMOND BARRE WAS IN THE UNITED STATES LAST WEEK AND I WAS OUT OF THE CITY. I LEFT WASHINGTON TO SPEAK IN SAN FRANCISCO AND I WAS UNABLE TO BE WITH HIM, AND I STOPPED TO HAVE BREAKFAST WITH HIM, ALONG WITH AMBASSADOR WOLFF AND AMBASSADOR MCDONALD YESTERDAY MORNING AND WE HAD, WITH RAYMOND BARRE AND MR. ROSSI AND THE OTHERS, WE HAD A VERY, VERY CONSTRUCTIVE TWO HOURS. WHEN YOU SAY THERE ARE SIGNIFICANT DIFFERENCES, OF COURSE THERE ARE DIFFERENCES. UNCLASSIFIED

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THE DEFINITION OF THE TERM "SIGNIFICANT" I DON'T  
KNOW WHAT THAT MEANS. LET ME SAY THIS: THERE

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FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 2009  
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WAS SUBSTANTIAL ACCORD. I WOULD LIKE TO PUT IT IN A  
POSITIVE WAY. WE FOUND SUBSTANTIAL ACCORD AND WE FOUND  
GREAT ENCOURAGEMENT THERE. WE WERE LED TO BELIEVE SUCH  
MIGHT NOT BE THE CASE. I KNEW IT WOULD BE THE CASE  
BECAUSE OF THE VERY CONSTRUCTIVE CONVERSATIONS  
BETWEEN MR. BARRE AND MR. CARTER, THIS PAST WEEK IN  
WASHINGTON.

STRAUSS: YES

Q: DO YOU THINK (INAUDIBLE) MR. STRAUSS, THAT  
ACTIONS TAKEN BY THE U.S. STEEL INDUSTRY COULD  
UNDERMINE THE MTN?

STRAUSS: NO, I DON'T THINK SO AT ALL. AS A MATTER  
OF FACT THE AMERICAN LAW PROVIDES THAT THERE IS A  
REMEDY -- ANTI-DUMPING. THEY CAN FILE ANTI-DUMPING

CHARGES. THE AMERICAN LAW PROVIDES THAT, AND I THINK  
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THAT WE EXPECT PEOPLE TO PASS THOSE LAWS AND EXPECT  
PEOPLE TO UTILIZE THEM AND EXHAUST THE REMEDIES  
OF THE LAW BEFORE THEY SEEK OTHER REMEDIES. AND I  
WOULD HOPE AND ANTICIPATE THAT BEFORE WE  
GET ANY HASTY CONGRESSIONAL ACTION OR ANYTHING LIKE  
THAT THAT WE WOULD EXHAUST THE REMEDIES THAT ARE  
PROVIDED FOR THIS SORT OF SITUATION. I HAVE NO QUARREL  
WITH OUR STEEL INDUSTRY FOR FILING THE ANTI-DUMPING  
COMPLAINT AND I HOPE THEY WILL BE PROCESSED PROMPTLY  
AND THAT THEY WILL GET A QUICK AND FAST DECISION.  
I THINK IT'S A VERY HEALTHY THING IF THEY FEEL THAT  
THEY'VE GOT A CASE THAT WE FIND OUT, YES.

Q. TO WHAT EXTENT DID YOUR TALKS TODAY WITH THE  
COMMISSION DEAL WITH SAFEGUARD MEASURES AND WAS THERE  
EMERGING A RECONSIDERATION OF THE SAFEGUARDS MEASURES  
IN THE GATT?

STRAUSS: WELL, I WOULD SAY WITHOUT GOING INTO DETAIL  
THAT THEY FIGURE TO A SUBSTANTIAL EXTENT, BECAUSE IT  
IS PRETTY OBVIOUS THAT WE NEED MODERN AND UP-TO-DATE  
SAFEGUARD MECHANISMS OR WE ARE GOING TO HAVE MORE SERIOUS  
TENSIONS AND PROBLEMS BETWEEN GOVERNMENTS AND  
GOVERNMENTS, BETWEEN GOVERNMENTS AND INDUSTRIES AND  
SO WE DEVOTED SUFFICIENT TIME TO RECOGNIZE THE FACT  
THAT IT SHOULD BE VERY HIGH ON OUR PRIORITY LIST.

Q. YOU SAID THAT YOU MIGHT BE SHORTENING YOUR TRIP  
BECAUSE OF THE STEEL SITUATION. DO YOU KNOW WHEN  
THAT MIGHT BE?

STRAUSS: NO, I WAS THINKING OF MAYBE CUTTING A DAY OFF  
AT THE END -- A DAY OR SO. I WILL HAVE TO LOOK AT  
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SCHEDULES THIS AFTERNOON TO SEE WHAT WE CAN DO.

Q. THE LANCE AFFAIR SEEMS TO HAVE LEFT SOME BAD BOLOOD  
BETWEEN CONGRESS AND THE ADMINISTRATION. DO YOU  
THINK THAT COULD HAVE A DETRIMENTAL EFFECT ON THE  
PRESIDENT'S BEING ABLE TO HOLD OFF PROTECTIONISM  
IN CONGRESS ON TRADE PROBLEMS AND THINGS LIKE THAT?

STRAUSS: WELL, I WAS WAITING FOR A LANCE QUESTION.  
I HAVE BEEN SITTING HERE KIND OF HOLDING MY BREATH.  
I APPRECIATE YOUR PUTTING ME AT EASE. WE GET ON WITH  
THAT AND FOR THAT I THANK YOU. MORE SERIOUSLY, NO  
I DON'T THINK THAT THERE ARE RESENTMENTS IN THE  
CONGRESS WITH RESPECT TO THE LANCE AFFAIR.  
THERE ARE OBVIOUSLY SOME WHO WOULD HAVE WISHED THAT  
BERT LANCE HAD NOT RESIGNED. THERE OBVIOUSLY ARE OTHERS  
WHO WOULD HAVE WISHED HE MIGHT HAVE RESIGNED EARLIER.  
THE MANNER IN WHICH THIS WAS HANDLED BY THE PRESIDENT,  
OPEN AND ABOVE BOARD, KEEPING HIS HANDS OFF, LETTING  
THE PROCESS WORK, LETTING THE PRESS DO THE WORK THEY FELT  
THEY SHOULD DO, LETTING THE SENATE DO THE JOB IT FELT IT  
SHOULD DO, LETTING BERT LANCE HAVE AN OPPORTUNITY TO  
ANSWER THE QUESTIONS THAT HE FELT HE SHOULD HAVE. SO WE  
HAVE ALL OF THOSE ELEMENTS PRESENT. I THINK IT SPEAKS  
RATHER WELL FOR THE ADMINISTRATION, AND IT SPEAKS  
RATHER WELL FOR BERT LANCE, AND IT SPEAKS RATHER WELL  
FOR PROCESS. NOW, OBVIOUSLY THIS WAS A DISTRACTING AND  
A DEBILITATING THING FOR A PERIOD OF TIME. OBVIOUSLY,  
THE PRESIDENT TOOK A FEW SCARS FROM IT BUT PRESIDENT  
CARTER HAS SO MANY POSITIVE THINGS MOVING RIGHT NOW  
THAT AS WE COME TO GRIPS WITH OUR ENERGY PROBLEMS, AS  
WE COME TO GRIPS WITH THE PANAMA CANAL TREATY, AS WE  
ARE TRYING TO COME TO GRIPS WITH INFLATION AND  
UNEMPLOYMENT, THERE ARE SO MANY MATTERS OF FAR MORE  
CONCERN TO THE AVERAGE MEN AND WOMEN IN AMERICA THAT I

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 2010

INFO USMISSION GENEVA

AMEMBASSY OTTAWA

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ALL EC CAPITALS

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THINK THAT THIS HAS NO REAL LASTING EFFECT PRO OR CON.

Q. YOUR NAME HAS BEEN MENTIONED REGARDING THE DIRECTOR OF OMB. WHAT IS YOUR FEELING OF THE JOB? WOULD YOU ACCEPT IT IF IT WERE OFFERED?

STRAUSS: WELL, MY FEELING IS AND I WAS ASKED THAT QUESTION OF COURSE SEVERAL WEEKS AGO, AND MY ANSWER HAS CONSISTENTLY BEEN: "THERE IS NO JOB AVAILABLE." NOW, THAT ANSWER WORKS IF THE JOB IS FILLED. UNHAPPILY, THAT ANSWER IS NO LONGER AVAILABLE, AND I MUST NOW DIRECT MYSELF TO A NEW ANSWER. THIS IS THE FIRST TIME. THE NEW ANSWER IS THAT 1) I DO NOT EXPECT THAT JOB TO BE OFFERED ME, 2) I HAVE A JOB THAT HAS ENABLED ME TO SLEEP AROUND 6 HOURS THE LAST THREE NIGHTS, TOTAL. I JUST ABOUT HAVE MY HANDS FULL AND I AM COMMITTED TO THIS JOB. I THINK THERE ARE OTHERS WHO CAN FILL THE JOB, WHO CAN SERVE THE PRESIDENT IN THAT CAPACITY. I THINK HE  
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THINKS THERE ARE OTHERS WHO CAN AND SHOULD. I HAVE NO EXPECTATION THAT HE WILL ASK ME AND NONE WHATSOEVER THAT I WOULD ACCEPT IF ASKED. I BELIEVE IN THE JOB OF BEING SPECIAL TRADE REPRESENTATIVE FOR THIS COUNTRY. I THINK IT IS A TERRIBLY IMPORTANT JOB AND SO DOES PRESIDENT CARTER AND I CAN'T CONCEIVE OF HIS ASKING ME TO LEAVE THAT TO TAKE THE OTHER JOB AND I CAN'T CONCEIVE MY LEAVING IT TO DO SO. SO IT IS ALMOST BEYOND MY CONCEPTION, SO THE ANSWER IS FIRM "NO, I WILL NOT BE THE NEXT DIRECTOR OF OMB". I THINK THAT IS A REASONABLE DEFENSIVE STATEMENT. NOW, IF ANY OF YOU HAVE ANY QUESTION FOR AMBASSADOR MCDONALD, AMBASSADOR WOLFF, AMBASSADOR HINTON, I KNOW THEY WILL BE PLEASED TO HAVE THEM.

Q. AMBASSADOR WOLFF, COULD YOU EXPAND A LITTLE BIT MORE ON WHAT THE DIFFERENCES ARE BETWEEN THE COMMUNITY AND USA ABOUT NEGOTIATING A FORMAL TIMETABLE IN THE CONTEXT OF THE OECD NEGOTIATIONS. THERE ARE DIFFERENCES. COULD YOU IDENTIFY WHAT THEY ARE?

STRAUSS: I THINK THERE HAS BEEN SOME OVEREMPHASIS OF DIFFERENCES BETWEEN US BECAUSE THE UNITED STATES HAS NEVER PUT FORWARD AN EXPLICIT PROPOSAL AT A SOLUTION, AND THE COMMUNITY AS WELL AS THE JAPANESE AND OTHERS ARE QUITE CORRECTLY CONCERNED ABOUT WHERE ANY GIVEN PROCESS MIGHT LEAD. I THINK WE ARE COMING

CLOSER IN OUR ANALYSIS OF THE PROBLEMS WHICH IS WHAT THE OECD STUDIES HAVE SERVED TO POINT OUT TO-DATE, AND WE WILL HAVE EXTENSIVE CONSULTATIONS NEXT WEEK WITH BOTH JAPAN AND THE EUROPEAN COMMUNITY TO TRY TO EVOLVE A POLICY TO DEAL WITH THE PROBLEMS. WE ARE MOVING A GOOD DEAL CLOSER TOGETHER.

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WE ARE NOT MOVING IN THE DIRECTION OF QUOTAS. WE CONSISTENTLY HAVE REJECTED QUOTAS AS A SOLUTION TO THE STEEL PROBLEM AND WE ALSO REJECT THE IDEA THAT IMPORT PROBLEMS ARE THE ONLY PROBLEMS INVOLVED IN THE STEEL INDUSTRY.

Q.(INAUDIBLE)

WOLFF: WELL, THERE ARE OECD DISCUSSIONS AND THERE WILL ALSO BE OPPORTUNITIES FOR BILATERAL AND TRILATERAL DISCUSSIONS.

STRAUSS: MAY I NOW, BEFORE WE TAKE ANY FURTHER QUESTIONS OR BEFORE WE BREAK THIS UP, I DO WANT TO SEE IF AMBASSADOR MCDONALD HAS SOMETHING HE WOULD LIKE TO SAY BECAUSE YOU ARE GOING TO BE SEEING A GREAT DEAL MORE OF HIM THAN YOU ARE OF AMBASSADOR WOLFF OR MYSELF THE COMING MONTHS.

AMBASSADOR MCDONALD: WELL, THERE ARE JUST SEVERAL POINTS FOR YOU WHO DO FOLLOW THE MTN THAT I THINK ARE PARTICULARLY INTERESTING ABOUT THIS SITUATION, AND THAT IS THAT OUR AGREEMENT THIS TIME IS ON A JOINT WORKING HYPOTHESIS FOR HOW TO PROCEED ON ANALYZING AND UNDERSTANDING CAREFULLY THE SITUATION. WE HAVE NOT AGREED OR STARTED THE PROCESS BY COMING TO AN AGREEMENT ON A DEFINITIVE FORMULA, WHICH WAS THE CASE BEFORE. INSTEAD WE HAVE SAID HOW CAN WE MOVE AHEAD WHILE STILL MAINTAINING MAXIMUM FLEXIBILITY. NOW THIS IS THE COURSE IN THIS SET OF NEGOTIATIONS. TARIFFS ARE NOT THE PRIMARY OBJECTIVES ON EITHER SIDE. SO ALL OF US WANT TO HOLD OUR FINAL DECISION ON THE EXACT FORMULA, IF YOU WILL, UNTIL WE SEE WHAT IS ON THE TABLE IN NON-TARIFF MEASURES, IN AGRICULTURE, IN SAFEGUARDS, ETC. SO WE HAVE A FAR MORE COMPLEX NEGOTIATION THAN WE HAD BEFORE. NOW THIS MEANS THAT

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ACTION STR-05

INFO OCT-01 STRE-00 ISO-00 FEA-01 TRSY-06 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02  
INR-07 INT-05 L-03 LAB-04 NSAE-00 PA-02 AID-05  
SS-15 ITC-01 PRS-01 SP-02 OMB-01 XMB-04 OPIC-06  
SIL-01 NSCE-00 SSO-00 USIE-00 INRE-00 AF-10  
ARA-14 EA-12 EUR-12 NEA-10 IO-14 /154 W  
-----090812 222231Z /14

O 222003Z SEP 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 2011  
INFO USMISSION GENEVA  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
ALL EC CAPITALS

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THIS WORKING HYPOTHESIS THAT WE HAVE COME OUT WITH  
IS NOT A DEFINITIVE ITEM IN WHICH WE SAY THE  
EUROPEAN COMMUNITY AND THE AMERICANS HAVE NOW AGREED THAT  
THIS IS WHAT WE ARE GOING TO DO. IT IS ON THE  
BASIS OF AN INQUIRY TO OUR NEGOTIATING PARTNERS IN  
GENEVA -- BECAUSE WE HAVE 96 NATIONS -- TO SAY:  
"WHAT WOULD BE YOUR POSITION, WHAT IS YOUR SITUATION,  
USING THE SWISS FORMULA WHICH WAS IN BETWEEN THE  
TWO OF OUR WRITTEN POSITIONS, AS A BASIS OF REFERENCE."  
NOW, AS WE BEGIN TO GET THEIR INPUTS AND FEELINGS  
ON A WORKING HYPOTHESIS, AND AS WE BEGIN TO GET ON  
THE TABLE THE OTHER ITEMS THAT AMBASSADOR STRAUSS AND  
THE EC HAVE ALREADY AGREED THAT WE WILL DO, TABLING FOR  
EXAMPLE THE ITEMS SUBMITTED ON NOVEMBER 1 AND THE  
TABLING OF CODES ON DECEMBER 15. THEN WE WILL SEE  
IF IN FACT WE ARE ON A COMMON GROUND WITHIN WHICH WE  
CAN IN FACT LIVE AND PROCEED WITH THE SITUATION. IF  
NOT, WE WILL HAVE TO COME TO A DEFINITIVE DECISION  
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AT THAT POINT. OUR JOINT WORKING HYPOTHESIS IS IF WE  
CAN FIND A SUFFICIENT LEVEL OF COMMON TERRAIN, IT WILL  
IN FACT COMMIT US TO MOVE AHEAD TO DEFINE THE TOTAL  
SCOPE OF THIS NEGOTIATION WITHOUT LETTING ONE  
INDIVIDUAL ELEMENT -- FOR ILLUSTRATION, TARIFFS, OR  
FOR ANOTHER ILLUSTRATION, SAFEGUARDS, OR FOR ANOTHER ONE,  
AGRICULTURE -- STOP US ON OUR TRACK BECAUSE WE HAVE TO

KEEP THE WHOLE SITUATION MOVING AHEAD ON A BALANCED KEEL.  
NOW, ONE OTHER POINT. ONE OF THE ELEMENTS THAT WE  
ARE CONSIDERING TO A FAR GREATER EXTENT IN THIS  
NEGOTIATION THAN AT ANY TIME PREVIOUSLY IS A PROCESS FOR  
TRYING TO THINK THROUGH MECHANISMS BY WHICH WE CAN  
CONTINUE A LONG-TERM PROGRAM AIMED AT SIGNIFICANT TRADE  
LIBERALIZATION BY CAREFULLY BALANCING THAT WITH THE  
IMMEDIATE ECONOMIC AND POLITICAL PROBLEMS THAT WE  
ALL FACE TODAY. IN OTHER WORDS, WE DO NOT WANT TO  
END UP ON ANY THEOLOGICALLY PURE GROUND WHICH IN  
FACT IS NOT FEASIBLE, NOT PRACTICAL, AND IS NOT  
PALATABLE AND CANNOT BE ASSIMILATED AT THE END OF THE  
DAY. CONSEQUENTLY WE ARE ENVISAGING A GREAT DEAL OF  
DISCUSSION ON THE QUESTION OF STAGING LATER IN  
THE NEGOTIATIONS WHICH IN FACT, FOR YOU WHO ARE  
FOLLOWING THE NEGOTIATIONS, MAY EVEN BE MORE IMPORTANT  
THAN SOME OF THE SUPERFICIALLY APPARENT DECISIONS THAT  
ARE TAKEN ALONG THE WAY. NOW I ONLY MENTION THAT  
IN TERMS OF THE NECESSITY THAT WE SEE TO BALANCE  
OUR CLEARLY COMMON LONG-TERM OBJECTIVES WHICH WE  
ALL HAVE WITHIN THE NEGOTIATIONS. THERE ARE ALSO  
EXTRAORDINARILY DIFFICULT CURRENT ENVIRONMENTAL  
CONDITIONS TO WHICH WE MUST ADAPT.  
STRAUSS: I HAVE TO LEAVE NOW AND CATCH A PLANE.  
THE COMMUNIQUE IS HERE AVAILABLE FOR EVERYONE AND  
I HOPE IT WILL BE CLEAR ON THESE ISSUES. HINTON  
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## Message Attributes

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**Type:** TE  
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